## THIRD LEASE AMENDMENT AND EXTENSION OF LEASE

THIS THIRD LEASE AMENDMENT AND EXTENSION OF LEASE ("Amendment") is entered as of the day of 'Decarbox', 2007, by and between CABIN JOHN ASSOCIATES LIMITED PARTNERSHIP, hereinafter referred to as "Landlord", and MONTGOMERY COUNTY, MARYLAND, hereinafter referred to as "Tenant."

## RECITALS:

- A. Landlord and Tenant entered into a Lease Agreement dated June 24, 1992 (the "Original Lease"), as amended by that certain Addendum to Lease dated December 24, 1997 ("First Amendment") and that certain Lease Amendment and Extension of Lease dated November 20, 2002 ("Second Amendment") (collectively the "Lease"), whereby said Tenant let those certain premises, containing approximately three thousand nine hundred sixty-five (3,965) square feet ("Leased Premises") located in Cabin John Mall, Potomac, Maryland ("Mall"), for a period expiring on December 31, 2007. As used in this Amendment, the term "Lease" shall mean the "Lease, as amended hereby," unless its context expressly requires it to mean the Original Lease, First Amendment, or Second Amendment; and
- B. Landlord and Tenant desire to extend the term of the Lease and amend said Lease in certain respects as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby reciprocally acknowledged, Landlord and Tenant agree as set forth below.

- 1. Recitals. The foregoing recitals and representations form a material part of this Amendment and are incorporated herein by this reference.
- 2. <u>Term.</u> The term of the Lease is hereby extended and revised so that the expiration date shall be December 31, 2012 instead of December 31, 2007. The period from January 1, 2008 through December 31, 2012 is hereafter referred to as the "Third Extended Term". Any provision in the Lease, whether express or implied, which could be construed as providing Tenant a further right to extend the Term past the expiration date of the Third Extended Term set forth in the preceding sentence shall no longer be applicable.
- 3. <u>Lease Year</u>. Commencing on the first day of the Third Extended Term, the term "lease year" shall be deemed to refer to each successive twelve (12) month period of the term of the Lease commencing on January 1st ("Lease Year"), and all references in the Lease to "Lease Year" or "lease year" shall thereafter be deemed to refer to the term "Lease Year" as defined in this Paragraph 3.
- 4. <u>Minimum Annual Rent</u>. Commencing on the first day of the Third Extended Term and on each succeeding January 1st thereafter of the Third Extended Term, minimum annual rent shall be increased by the amount derived by multiplying the minimum annual rent in effect for the immediately preceding Lease Year by the percentage increase in the "Consumer Price Index" (as defined in Paragraph 3.b. of the First Amendment) between the Consumer Price Index most recently published immediately preceding the date of such adjustment and the Consumer Price Index most recently published one year prior to the date of such adjustment.
- 5. <u>Broker</u>. Each of the parties hereto represents and warrants that, other than the brokerage commission payable by Landlord to Carl M. Freeman Retail, L.L.C. pursuant to a separate agreement, there are no other brokerage commissions or finders' fees of any kind due in connection with this Amendment.
- 6. <u>Relocation</u>. Landlord hereby reserves the right at any time during the term of the Lease (including any extension or renewal thereof), upon at least one hundred twenty (120) days prior written notice to Tenant, to require Tenant to relocate from the Leased Premises to such other premises on the first floor of any building at the Mall (including, but not limited to, any additional premises and/or building constructed at the Mall after the date hereof) as Y:\wpfiles\CARL FREEMAN\CABIN JOHN MALL\Montgomery County Liquor\Extension v4a (2007).doc

Landlord may deem advisable or necessary (such other premises being the "Relocation Premises", and such notice being "Landlord's Relocation Notice"). The size, configuration, and location of the Relocation Premises shall be determined by Landlord in Landlord's sole discretion; it being agreed, however, that the total area of the Relocation Premises shall not be less than eighty-five percent (85%) of the total area of the Leased Premises, nor greater than one hundred fifty percent (150%) of the total area of the Leased Premises, In the event that the total area of the Relocation Premises is different from the total area of the Leased Premises, Tenant's Percentage Share and minimum annual rent and all other rent and charges payable by Tenant as provided for in the Lease, shall be proportionately adjusted based upon the change in the total area of the Relocation Premises relative to the total area of the Leased Premises; provided however, that Tenant's Percentage Share and minimum annual rent and all other rent and charges otherwise payable by Tenant under the Lease shall not be increased by more than fifteen percent (15%) on the account of any such proportionate increase (in the total area of the Relocation Premises relative to the total area of Leased Premises). Landlord's Relocation Notice shall set forth the date (which shall be at least one hundred twenty (120) days after the date of Landlord's Relocation Notice) upon which Tenant shall surrender possession of the Leased Premises to Landlord (such date being the "Relocation Date"); it being agreed that Landlord may specify in Landlord's Relocation Notice any built-in improvements that must remain in the Leased Premises. Landlord shall deliver the Relocation Premises to Tenant in its then "as is" condition. Tenant shall have ninety (90) days prior to the Relocation Date to relocate from the Leased Premises to the Relocation Premises (such ninety (90) day period being the "Ninety Day Period"). During the Ninety Day Period, Tenant shall continue to pay minimum annual rent and all other charges for the Leased Premises as provided for in the Lease; it being agreed that Tenant's obligation to pay minimum annual rent and all other rent and charges for the Relocation Premises (based upon the adjustment hereinabove provided for) shall commence on the day immediately following the Ninety Day Period. Tenant shall surrender the Leased Premises to Landlord on or before 11:59 p.m. on the Relocation Date in the same condition as provided for in the Lease, and with the same effect, as if the Relocation Date was the date set forth in the Lease for the expiration of the term of the Lease; provided, however, that notwithstanding anything to the contrary, all obligations of Tenant under the Lease (with respect to the Leased Premises) that accrue prior to Tenant surrendering the Leased Premises to Landlord in accordance with this Paragraph 6 shall remain in effect until such obligations are satisfied in full. In addition, Landlord agrees to reimburse Tenant for an amount equal to the reasonable costs incurred by Tenant in relocating Tenant's furniture, removable trade fixtures and equipment from the Leased Premises to the Relocation Premises, in preparing the Relocation Premises for Tenant's use (including, but not limited to, demolition of then existing improvements in the Relocation Premises) and in installing improvements to the Relocation Premises which are consistent with the then-current improvements in the Leased Premises as of the date of Landlord's Relocation Notice and which Landlord did not allow the Tenant to remove from the Leased Premises (it being agreed that such demolition and all other preparation of and improvements to the Relocation Premises shall require the approval of Landlord, which approval shall not be unreasonably withheld, conditioned, or delayed as long as none of the same affects the structure of, systems serving, or the exterior appearance of, the Relocation Premises), such reimbursement shall be hereinafter referred to as the "Relocation Allowance" and shall be made within thirty (30) days of Tenant's submission to Landlord of itemized paid receipts therefor; it being agreed that in no event shall Landlord have an obligation to reimburse Tenant for any costs or expenses incurred by Tenant in excess of those reasonable costs and expenses required to improve the Relocation Premises to a condition substantially similar to the Leased Premises as of the date of Landlord's Relocation Notice. Landlord shall prepare an appropriate amendment to the Lease reflecting such relocation and all related terms, and Tenant shall execute such amendment to the Lease upon Landlord's request. At 11:59 p.m. on the Relocation Date, Tenant shall have no further right to occupy the Leased Premises, and Tenant's failure to vacate the Leased Premises by 11:59 p.m. on the Relocation Date (time being of the essence), shall constitute a default under the Lease entitling Landlord to any and all remedies available under the Lease, at law and/or in equity (which remedies shall include, but not be limited to, all remedies that would be applicable if Tenant failed to immediately surrender the Leased Premises on the expiration of the term of the Lease, subjecting Tenant to, among other provisions, the provisions of Section 25 of the Original Lease).

Tenant acknowledges that if Tenant had not agreed to the provisions of this Paragraph 6, Landlord would not have entered into this Amendment.

7. <u>Demolition Termination Right</u>. Tenant acknowledges that Landlord has advised Tenant that Landlord may, during the term of the Lease (including, but not limited to, any extension or renewal of the term of the Lease), renovate and/or demolish portions of the Mall. Tenant is entering into this Amendment upon the understanding and

condition that in the event that Landlord intends to renovate and/or demolish the Mall or portions thereof, Landlord shall have the right to terminate the Lease, as hereinbelow provided. Landlord's right to terminate the Lease on account of such renovation and/or demolition is in addition to Landlord's other rights under the Lease, such as, but not limited to, Landlord's right to relocate the Leased Premises and/or to make any changes to the Mall that Landlord deems desirable (including, but not limited to, any demolition and/or renovation), without terminating the Lease pursuant to this Paragraph 7. Accordingly, in the event that Landlord intends to renovate and/or demolish all or any portion of the Mall and Landlord determines (in Landlord's sole discretion) that it is necessary or appropriate to terminate the Lease in order to effect such renovation and/or demolition, then Landlord shall have the absolute right to terminate the Lease, as follows.

In the event that Landlord desires to terminate the Lease pursuant to this Paragraph 7, Landlord shall provide Tenant with at least one hundred eighty (180) days prior written notice of such termination. However, no such termination shall occur prior to December 31, 2009 ("Possible Demo Vacate Date"), although notice of such termination may be sent prior to the Possible Demo Vacate Date for a termination effective on or after the Possible Demo Vacate Date, and such termination may occur at any time after the Possible Demo Vacate Date.

Tenant shall surrender the Leased Premises to Landlord on or before 11:59 p.m. on the date specified in Landlord's notice (terminating the Lease pursuant to this Paragraph 7), in the same condition as provided for in the Lease, and with the same effect, as if the date specified in such notice was the date set forth in the Lease for the expiration of the term; provided, however, that notwithstanding anything to the contrary, all obligations of Tenant under the Lease that accrue prior to Tenant surrendering the Leased Premises to Landlord in accordance with this Paragraph 7 shall remain in effect until such obligations are satisfied in full. At 11:59 p.m. on the date specified in Landlord's notice terminating the Lease pursuant to this Paragraph 7, Tenant shall have no further right to occupy the Leased Premises, and Tenant's failure to vacate the Leased Premises by 11:59 p.m. on such date (time being of the essence), shall constitute a default under the Lease entitling Landlord to any and all remedies available under the Lease, at law and/or in equity (which remedies shall include, but not be limited to, all remedies that would be applicable if Tenant failed to immediately surrender the Leased Premises on the expiration of the term of the Lease, subjecting Tenant to, among other provisions, the provisions of Section 25 of the Original Lease).

Tenant acknowledges that if Tenant had not agreed to the provisions of this Paragraph 7, Landlord would not have entered into this Amendment.

8. Right of First Offer. Provided Tenant has not been in default under the Lease after the date of this Amendment and Tenant has not assigned the Lease or sublet the Leased Premises or any portion thereof after the date of this Amendment, Tenant shall have a one-time right of first offer to lease the entirety of any space immediately adjacent and contiguous to the Leased Premises which space may become available after the date of this Amendment ("Additional Space"). Provided that such space is available, Landlord shall provide Tenant with written notice ("Landlord's Notice") of the terms and conditions Landlord would be willing to accept with respect to the Additional Space, including the proposed minimum annual rent and additional rent. In the event Tenant elects to proceed to lease the Additional Space pursuant to Landlord's Notice, then Tenant shall notify Landlord of such election by giving notice to Landlord within twenty (20) days after receipt of Landlord's Notice, and Landlord and Tenant shall thereupon enter into an amendment to the Lease or a new lease, if Landlord so elects, for the leasing of the Additional Space, which amendment or lease shall contain the terms and conditions set forth in the Landlord's Notice, provide that the term thereunder shall expire or sooner terminate contemporaneously with the expiration or sooner termination of the term of the Lease, and contain such other terms and provisions as Landlord may require in order to effectuate the incorporation of the Additional Space into the Leased Premises and to otherwise effectuate the intent of this Paragraph 8 (including, without limitation, Tenant's obligation to pay the costs to construct the Additional Space, if necessary). Should Tenant decline Landlord's offer or fail to respond thereto within twenty (20) days after receipt of Landlord's Notice, or if an amendment or new lease for Tenant's use of the Additional Space is not executed within sixty (60) days after Tenant receives the Landlord's Notice, then in either event, Tenant shall be deemed to have waived its right of first offer to the Additional Space, Landlord may lease the Additional Space to any other party on any terms, and the terms of this Paragraph 8 shall thereafter be deemed null and void. Notwithstanding the foregoing, the Additional Space shall not be deemed to be "available" as described above if (i) Landlord enters into negotiations with an existing occupant of the Additional Space when such occupant's lease term expires, (ii) the existing occupant of the Additional Space assigns its lease or sublets all or any portion of the Additional Space, (iii) the Additional Space is subject to a right of first offer, right of first refusal, expansion right, or conflicting restriction of another tenant or occupant of the Mall as of the date of this Amendment, and (iv) as of the date of this Amendment the Additional Space is not leased to a tenant, until such time that the space is leased and then subsequently becomes "available." The terms of this Paragraph 8 shall automatically be null, void, and of no further force or effect if Tenant assigns the Lease or sublets the Leased Premises or any portion thereof and upon full execution of an amendment or lease for Additional Space pursuant to the terms of this Paragraph 8.

9. <u>Notices and Rent Payments</u>. The Lease is hereby modified to provide that notices and rent payments to Landlord and notices to Tenant shall be sent to the parties at their respective addresses set forth below:

<u>Landiord</u> 18330 Village Center Drive, 2<sup>nd</sup> Floor Olney, Maryland 20832.

Tenant
Montgomery County, Maryland
Department of Public Works & Transportation
Office of Real Estate
101 Monroe Street, 10<sup>th</sup> Floor
Rockville, Maryland 20850
Attn: Director of Real Estate

With a copy, that does not constitute notice to: Montgomery County, Maryland Office of the County Attorney 101 Monroe Street, 3rd Floor Attn: County Attorney

- 10. <u>Defined Terms</u>. Terms that are defined in the Lease shall have the same meanings when such terms are used in this Amendment.
- 11. <u>Confirmation of Terms</u>. All of the terms, covenants and conditions of the Lease, except as are herein specifically modified and amended, shall remain in full force and effect and are hereby adopted and reaffirmed by the parties hereto.

SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have executed this Amendment under their respective seals on the day and year first above written.

ATTEST:	LANDLORD: CABIN JOHN ASSOCIATES LIMITED PARTNERSHIP
Roger W. Gerso Director of Leasing	By: CJA GP Corp., Inc., sole general partner  By: (SEAL)  Michael T. Reilly  Vice President
WITNESS:	TENANT: MONTGOMERY COUNTY, MARYLAND
By: <u>Webbie Richards</u> Typed Name: <u>Debbie Richards</u> Title: <u>Sv. EMA</u>	By: A Chief Administrative Officer
APPROVED AS TO FORM AND RECOMMEND OFFICE OF THE COUNTY ATTORNEY	DED LEGALITY
WITNESS:	
	By: Sileen J. Branan (SEAL) Printed Name: Fleen T. Basaman
	Title: Associate County Attorney  Date: 12 5 2007
	By: John (SEAL)  Cydthia Brenneman  Director, Office of Real Estate
/	Date: 18 / 1 / 07